

# CongressDailyPM

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Monday, March 22, 2004

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## FINANCE

### HUD Withdraws Controversial Real Estate Rule Proposal

The Bush administration today withdrew a controversial housing proposal that many lawmakers, consumer advocates and industry groups had said could put thousands of small real estate companies out of business, stifle competition and lead to higher mortgage costs. "I plan to revise the rule, if necessary, and to repropose the rule, requesting additional comments, after I have had an opportunity to brief members of Congress and to meet with affected consumer and industry groups," acting HUD Secretary Alphonso Jackson said today in a letter to John Graham, administrator of OMB's Office of Information and Regulatory Affairs.

HUD officials had said the proposed rule, which would add new disclosure requirements to the 30-year-old Real Estate Settlement Procedures Act, would make it easier for consumers to shop for mortgages and reduce mortgage closing costs by an average of \$700. But **House Small Business Chairman Manzullo** and other critics had said HUD's proposed RESPA changes would unfairly allow mortgage lenders to bundle support services for home mortgages, without allowing consumers to substitute other support services. They argued that such a rule could eventually give large mortgage lenders a monopoly in the homebuying industry and increase consumers' mortgage costs.

Lawmakers also raised concerns that HUD had submitted the final draft of the rule to OMB last December, without making it available for review by Congress or the public. Jackson today said that in light of those concerns, it would be "prudent" for HUD to re-examine the proposed RESPA rule before it is finalized. "After the rule has had a complete vetting, I will send it back to OMB for review," Jackson told Graham. Manzullo lauded today's withdrawal of the rule, saying the Bush administration had "reaffirmed" its support for small businesses. "Their decision today will allow competition to continue in the real estate settlement industry, which will keep costs down for consumers," Manzullo said.

-- by Molly M. Peterson